Message Text

SECRET

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INFO OCT-01 AF-08 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-13 OMB-01 TRSE-00 SAJ-01 EB-07 AID-05 MCT-01 DHA-02 /106 W

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R 220400Z DEC 76

FM AMEMBASSY SANA

TO SECSTATE WASHDC 9920

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY JIDDA

AMEMBASSY CAIRO

AMEMBASSY AMMAN

AMEMBASSY MUSCAT

AMEMBASSY KHARTOUM

AMEMBASSY MOSCOW

SECRETSANA 4477

E.O. 11652: GDS TAGS: PFOR, YS, GW

SUBJECT: PDRY/WEST GERMAN RELATIONS

BEGIN SUMMARY: WEST GERMAN AID TO PDRY IS ON THE BRINK OF OF FINAL AGREEMENT FOLLOWING ASSURANCES THAT BAADER MEINHOF TERRORISTS HAVE LEFT SOUTH YEMEN. END SUMMARY.

1. IN JULY OF 1976 WEST GERMAN GOVERNMENT DANGLED OFFER OF 10 MILLION MARKS IN LONG-TERM, VERY SOFT LOAN BEFORE PDRY OFFICIALS. FRG AMBASSADOR AT THAT TIME MADE PARALLEL EFFORTS TO WIN EXTRADITION OF BAADER MEINHOF TERRORISTS WHO HAVE BEEN GIVEN ASYLUM IN PDRY AFTER BERLIN KIDNAPPING OF PETER LORENZ.

2. WHEN SOUTH YEMENIS DECLINED TO COOPERATE ON EXTRADITION, FRG OFFICIALS POSTPONED FURTHER LOAN DISSECRET

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CUSSIONS. TALKS HAD REACHED THE POINT, HOWEVER, WHERE SEWER PROJECT FOR ADEN HAD BEEN IDENTIFIED AND SOME PRELIMINARY FEASIBILITY WORK HAD BEEN DONE.

3. NEW FRG AMBASSADOR TO YAR, KALUS FRANKE, PRESENTED HIS CREDENTIALS TO PDRY GOVERNMENT IN LATE NOVEMBER

1976. (FRANKE IS RESIDENT IN SANA BUT TRAVELS FRE-QUENTLY TO ADEN, WHERE FRG MANS A SMALL EMBASSY.) FRANKE SEIZED OCCASION OF PRESENTATION OF CREDENTIALS TO ASK PDRY PRESIDENT SALIM RUBAY! ALI WHETHER BAADER MEINHOF TERRORISTS WERE STILL IN PDRY. ACCORDING TO FRANKE, ALI LOOKED AT HIM "SOBERLY" AND SAID VERY PLAINLY THAT HE COULD ASSURE FRANKE THAT ALL THE BAADER MEINHOF TERRORISTS "HAD LEFT THE COUNTRY SOME TIME AGO".

4. FRANKE WHO TALKED TO ALI FOR MORE THAN AN HOUR DESCRIBED HIM AS SHOWING A SERIOUS AND PURPOSEFUL INTEREST IN EXPANDING RELATIONS WITH WESTERN COUNTRIES. ALI SEES THESE AS SOURCE OF AID BUT HE ALSO, IN FRANKE'S VIEW, IS SEEKING RESPECTABILITY AND RECOGNITION.

5. FRANKE SAID HE HAD TOLD SOUTH YEMENI GOVERNMENT THAT WEST GERMAN AID PROJECT WOULD BE FURTHER DELAYED FOR TECHNICAL REASONS. FRANKE NOTED TO DCM, HOWEVER, THAT WITH ASSURANCES FROM ALI IN HAND, WEST GERMANS WOULD BE HARD PUT TO TIE AID DELAYS TO FURTHER STEPS BY SOUTH YEMENIS ON TERRORISTS. FRANKE NOTED HE THOUGHT THAT THE EFFORT TO TIE AID TO EXTRADITION WAS FUTILE FROM THE FIRST. HE SAID HE PREFERRED TO THINK THAT WEST GERMAN AID, WHILE NOT LARGE, WAS ENOUGH TO HELP DEVELOP A SENSE OF ALTERNATIVES BEFORE THE PDRY GOVERNMENT, AND COULD HELP EXPAND WESTERN PRESENCE WHICH SOVIETS AND SOCIALIST COUNTRIES WOULD FIND HARD TO COMPETE WITH. FRANKE CONCLUDED BY SAYING THAT THE SAW SECRET

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LITTLE POINT INWEST GERMANY ACTING ALONE IN THIS WAY BUT WITH GROWING INDICATIONS THAT SAUDIS AND OTHER

ARAB MODERATES WOULDBE PUMPING MONEY INTO OTHER PROJECTS HE THOUGHT WEST GERMAN PRESENCE WOULD BE USEFUL.

6. FRANKE DOES NOT HAVE GO AHEAD YET FROM BONN BUT COULD CONCLUDE AID AGREEMENT QUICKLY ONCE APPROVAL IS FORTHCOMING.

7. COMMENT: EVEN IF BAADER-MEINHOF ELEMENTS HAVE LEFT COUNTRY, PDRY TIES TO TERRORISTS REMAINS, AND, IN FACT, HAVE APPARENTLY EXPANDED IN LAST SIX MONTHS. ONE OF OBJECTIVES OF SAUDIS (AND OURSELVES) IS TO LOOSEN AND REDUCE THESE TIES. WE AGREE WITH FRANKE,

HOWEVER, THAT STRICT QUID PRO QUO APPROACH (AID FOR

END OF PDRY SUPPORT TO TERRORISTS) PROBABLY IS NON-
STARTER AT THIS STAGE. TIME TO TRY THIS APPROACH IS
AFTER WESTERN PRESENCE AND FUNDS HAVE BECOME MEANING
FUL TO PDRY.
SCOTES

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FOLLOWING ASSURANCES THAT BAADE TAGS: PFOR, EAID, GE, YS, BAADER-MEINHOF GROUP

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